

MAY 14, 2002

NO. 002-141

FOR MORE INFORMATION:

Doug Porter, Assistant Secretary, Medical Assistance Administration, DSHS 360-902-7806

Roger Gantz, Director, Division of Policy and Analysis, MAA, DSHS 360-725-1880

Jim Stevenson, Communications Director, MAA, DSHS 360-902-7604

WASHINGTON STATE SAYS IT WILL REWRITE WAIVER TO IMPROVE MEDICAID'S COST-CONTAINMENT OPTIONS

OLYMPIA – The Washington Medicaid program has decided to submit an amended waiver proposal to the federal government in a quest to obtain better management tools to deal with the program's spiraling expenditures and shrinking resources.

The proposal will include premiums for Medicaid recipients above the Federal Poverty Level, co-payments that encourage lowest-cost prescription drugs, and enrollment freezes to protect current enrollees when the economy threatens their coverage. The waiver also asks the federal government to let the state keep millions of dollars in federal funds next year rather than give them to other states simply because Washington has been more aggressive in covering low-income children.

The revised draft proposal will be outlined for public comment and feedback during 10 town hall-type meetings around the state later this month and in June. The final amended proposal would be submitted to the federal Centers for Medicare and Medicaid Services (CMS) on July 1.

Doug Porter, Assistant Secretary of Medical Assistance in the Department of Social and Health Services, described the new proposal as a more specific outline of the original proposal, which went to CMS last fall.

"Both our stakeholders and CMS reviewed the original waiver request and advised us that it was too much a range of options with too few specifics about the circumstances in which we would employ them," Porter said. "The amended waiver being drafted now directly responds those concerns."

Medicaid Town Meetings

May 21 Spokane
May 22 Olympia
May 28 Tacoma
May 30 Bellingham
June 5 Port Angeles
June 6 Seattle (Shoreline)
June 11 Tri-Cities
June 12 Yakima
June 18 Vancouver
June 20 Des Moines

All of the meetings will be held between 6 and 9 p.m. For specific locations, call 1-800-562-3022 or visit the Medicaid Waiver Web page at <http://maa.dshs.wa.gov/medwaiver/>

-more-

Porter said the amended waiver has four key goals:

- Ensure that the most vulnerable populations retain access to full-scope Medicaid coverage.
- Demonstrate how more flexibility can avoid disruption in existing care and enrollment.
- Adopt copayments to encourage appropriate use of health services, have premiums for enrollees to share in the cost of their health coverage, benefit changes and enrollment freezes to protect current enrollees.
- Use the state's unspent State Children's Health Insurance Program (SCHIP) funds to expand Basic Health coverage of low-income parents and childless adults.

Porter noted that details of the waiver will not be finalized until after the public town meetings. However, he said the proposal's basic outline is in place and includes these features:

- **Enrollment freezes:** The waiver will include specific expenditure controls built around economic forecast data. When projected revenues will no longer support the current level of expenditures, an enrollment freeze will protect enrollees of optional programs. (Mandatory Medicaid programs, which are generally open to applicants at or below Federal Poverty Level, would continue to accept eligible applicants.) The enrollment freeze would last long enough to let the next legislative session deal with the problem.
- **Premiums:** Optional program enrollees would have to pay small premiums representing no more than 5 percent, on average, of a family's income. Porter said he has not settled on specific premiums, but envisions them falling into a range comparable to those paid by beneficiaries of the state's Basic Health plan.
- **Co-Payments:** All Medicaid clients would have to pay small co-payments if they insisted on using higher-priced brand-name drugs rather than lower-cost equivalent medication or if they sought non-emergency treatments at hospital Emergency Rooms. Porter said the drug co-payment would be in the area of \$5. The ER co-payment would be as much as \$10.
- **Benefit redesign:** Optional program benefit packages for adult clients would be modeled on the state's Basic Health plan plus outpatient therapies, not full-scope Medicaid coverage. While the Basic Health package does not include dental or vision plans, it does include comparable major medical and hospitalization coverage. (Children would continue to receive full Medicaid benefits.)

The amended waiver also includes a request that American Indians and Alaska Natives be exempted from the co-payment and premium requirements. Porter said these provisions could interfere with existing agreements between the state Medicaid program and tribal clinics.

Porter said the amended waiver also will be submitted under a different set of federal criteria at the urging of CMS. The original waiver was a demonstration waiver under longstanding federal rules. The new one will probably be submitted under a more recent program called HIFA, for Health Insurance Flexibility and Accountability Initiative.

###

EDITORS: The draft waiver and other information – ranging from fact sheets to frequently-asked questions and answers – are available on special pages on the Department of Social and

Amended Medicaid waiver/Page 2

Health Services' MAA web site, <http://maa.dshs.wa.gov/medwaiver> To receive a free fact sheet on the waiver, interested parties also can e-mail stevej2@dshs.wa.gov